

PROMISING PRACTICES IN HOME AND COMMUNITY-BASED SERVICES

Arkansas – Cash Allowances and Support Services for Managing the Allowance

Issue: IndependentChoices – The Arkansas Cash and Counseling Demonstration

Summary

Arkansas is part of a demonstration project to measure the impact of substituting a cash allowance for Medicaid services from provider agencies. Originally, participants were randomly assigned into two groups. The control group received Medicaid personal care through a provider agency and the treatment group received a monthly cash allowance and services to help them effectively use the allowance. People in the treatment group reported higher satisfaction with their services and a higher quality of life than people in the control group. Starting in October, 2002, all participants received the monthly allowance.

Introduction

People with disabilities and advocates have long sought more control over services in order to increase the responsiveness of those services.

One option to increase participant control is a cash allowance to pay for services.

One option to increase control is a cash allowance in which the participant controls the money a state would normally spend on that person's services.

People can arguably use this money more effectively if they have the flexibility to purchase any service that helps them live independently, with fewer regulatory restrictions.

The State of Arkansas offers this flexibility in a program called IndependentChoices. This report describes this program and preliminary results. The report is based on interviews with state and national project staff, published reports regarding the project, and a fall 2002 presentation of findings from an evaluation of the program.

Background

IndependentChoices is part of the Cash and Counseling Demonstration, a three-state demonstration that uses an experimental design to evaluate the impact of a cash allowance

program that offers assistance to help participants manage the funds. The Assistant Secretary of Planning and Evaluation (ASPE) in the U.S. Department of Health and Human Services (DHHS) and the Robert Wood Johnson Foundation sponsor the demonstration. The Centers for Medicare and Medicaid Services (CMS), also in the U.S. DHHS, granted the States the demonstration authority necessary to conduct this project. A national program office, based in the University of Maryland Center on Aging, provides direction, coordination, and technical assistance to the states.

In each state, the evaluator randomly assigned people into two equal groups: a treatment group that receives a cash allowance and a control group that received home and community-based services from provider agencies. In October 2002, after enough data had been collected for the evaluation, Arkansas eliminated the control group. All participants now receive a cash allowance, including people formerly in the control group.

In Arkansas, the control group received Medicaid personal care, an optional benefit Arkansas offers as part of its Medicaid state plan. Personal care attendants, employed by licensed agencies, help people with disabilities perform daily

hygiene and household tasks. These agencies also employ registered nurses who assess people to evaluate their physical, social, and functional limitations. Over 17,000 people used personal care in state fiscal year 2000 at a cost of \$58 million.

Intervention

People age 18 and older eligible for Medicaid personal care can enroll in IndependentChoices at any time. People with cognitive impairments are also eligible. A person can choose a representative to administer the allowance on his or her behalf.

The first step to enrollment is to call the program's toll-free number, 1-888-682-0044, or to request enrollment materials through the program's website. Project representatives, employed by counseling/fiscal agencies further described below, call interested people to tell them more about the program and arrange an in-person informational visit. Enrollment workers are available outside normal business hours to make it easier for a person's family members or friends to attend. People can withdraw from the cash allowance program and resume traditional Medicaid personal care services at any time.

Counseling/fiscal agencies, operating regionally, offer a wide variety of assistance to help people manage their allowance. Counseling services include helping people develop a required plan for using the allowance; helping the person plan back-up support for when a scheduled caregiver cannot work; and training to help people hire, train, and manage paid caregivers.

Although IndependentChoices is part of a demonstration program called Cash and Counseling, few people received their allowance as a direct cash payment. The counseling/fiscal agencies offer financial services to help people employ their own caregiver, including preparing paychecks, withholding taxes, and other duties associated with being an employer. Most participants receive this assistance, although they have an option not to receive it if they demonstrate the ability to carry out the bookkeeping duties that the counseling/fiscal

agencies perform. The counseling/fiscal agencies offer training to teach people how to handle these responsibilities.

Participants have a lot of flexibility in how they use the allowance. They can hire whomever they wish, including family (other than spouses) and friends. Participants can also purchase items related to personal assistance, including assistive technology, appliances, and home modifications. To ensure the services are enough to meet participant needs and to monitor possible fraud or abuse, the counseling/fiscal agency contacts each person once a month and conducts an in-person reassessment every six months.

Implementation

IndependentChoices required a Medicaid research and demonstration waiver authorized by Section 1115 of the Social Security Act, which CMS granted. The waiver permits the state to disregard certain federal Medicaid rules that otherwise prohibit providing cash allowances to participants. Arkansas amended this waiver in 2002 to end the control group and make the allowance available to all participants. The project also negotiated with other federal agencies to ensure the allowance would not affect a participant's Supplemental Security Income, food stamps, and other benefits.

Regional counseling/fiscal agencies offer assistance to help people manage their cash allowance.

The Robert Wood Johnson Foundation gave each state a grant of approximately \$700,000 to implement their project. States are able to match the grant amount using federal Medicaid administrative funds.

Arkansas took several steps to inform people eligible for the allowance and the general community about IndependentChoices. The Governor sent a letter to all people using Medicaid personal care. The letter was very effective in generating interest. Other outreach efforts included press releases, radio and

television public service announcements, and presentations to professional groups, community groups, and advocacy groups.

Impact

Mathematica Policy Research, Inc. is measuring the allowance's impact on participants, paid and unpaid caregivers, and public expenditures. According to a presentation in fall 2002, almost three-fourths of the participants (73%) were age 65 or older. People who received the allowance were more likely to say they were very satisfied with their overall care arrangements than people who received services from provider agencies. People who received the allowance also were more likely to say they were very satisfied with the way they were spending their life. Data in the presentation were based on interviews of over 1,700 participants, almost evenly divided between both groups. All of the above findings were statistically significant.

People in the treatment group reported higher satisfaction than people in the control group.

The University of Maryland, Baltimore County (UMBC) performed an ethnographic study to describe how the program operates on a personal level. UMBC interviewed 27 participants, their representatives if applicable, the participants' contacts at the counseling/fiscal agency, and the participants' paid support workers. The results of this study are available at the Cash and Counseling Demonstration Project web site at <http://www.hhp.umd.edu/AGING/CCDemo/Products/AR.html>.

Discussion Questions:

What are the advantages and risks of using one agency for both counseling and bookkeeping services?

What are the most important indicators to examine whether the Cash and Counseling model increases Medicaid responsiveness to participants needs?

Arkansas first enrolled people in IndependentChoices in December 1998. As of December 31, 2002, 3,038 people have enrolled in IndependentChoices. The monthly allowances are approximately equal to the cost of the Medicaid personal care services the people would have otherwise received, so the state reports no increased cost for providing this option.

IndependentChoices has also helped Arkansas expand participant control of other Medicaid services. The state used lessons from developing the program when implementing a Medicaid home and community-based services waiver that gives people more control over their services, without a monthly allowance.

In September 2002, Arkansas received a State Innovations Grant from the Assistant Secretary of Planning and Evaluation in DHHS to apply the IndependentChoices model to people leaving nursing facilities. Nursing facility residents will be able to exchange their nursing facility benefit for a monthly cash allowance.

Contact Information

For more information about IndependentChoices, please contact Dr. Kevin Mahoney, National Project Director, at (617) 552-4039 or kevin.mahoney@bc.edu. Online sources of information are www.independentchoices.com and <http://www.hhp.umd.edu/AGING/CCDemo/index.html>.

One of a series of reports by Medstat for the U.S. Centers for Medicare & Medicaid Services (CMS) highlighting promising practices in home and community-based services. The entire series is available online at CMS' web site, <http://www.cms.gov/>. This report is intended to share information about different approaches to offering home and community-based services. This report is not an endorsement of any practice.